



ADDISON

Financial Management Policies

Proposed Updates
January 2017



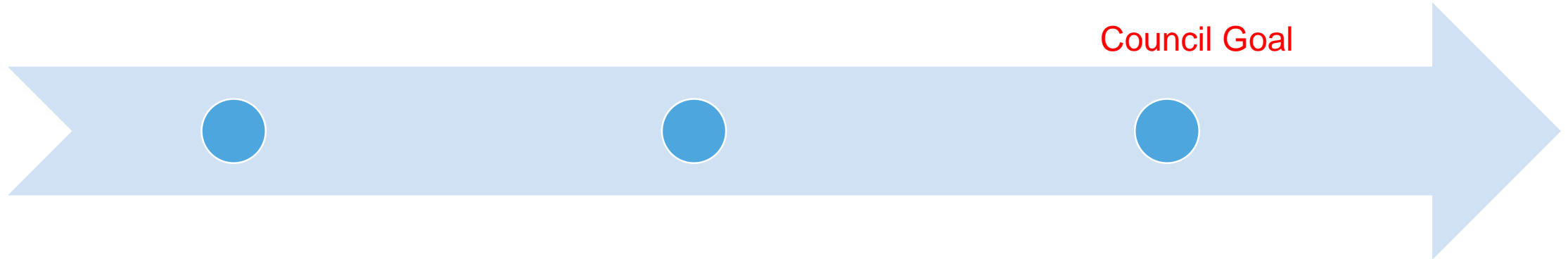
Fund Balance Policy



25% For ALL funds

30% General Fund

Council Goal

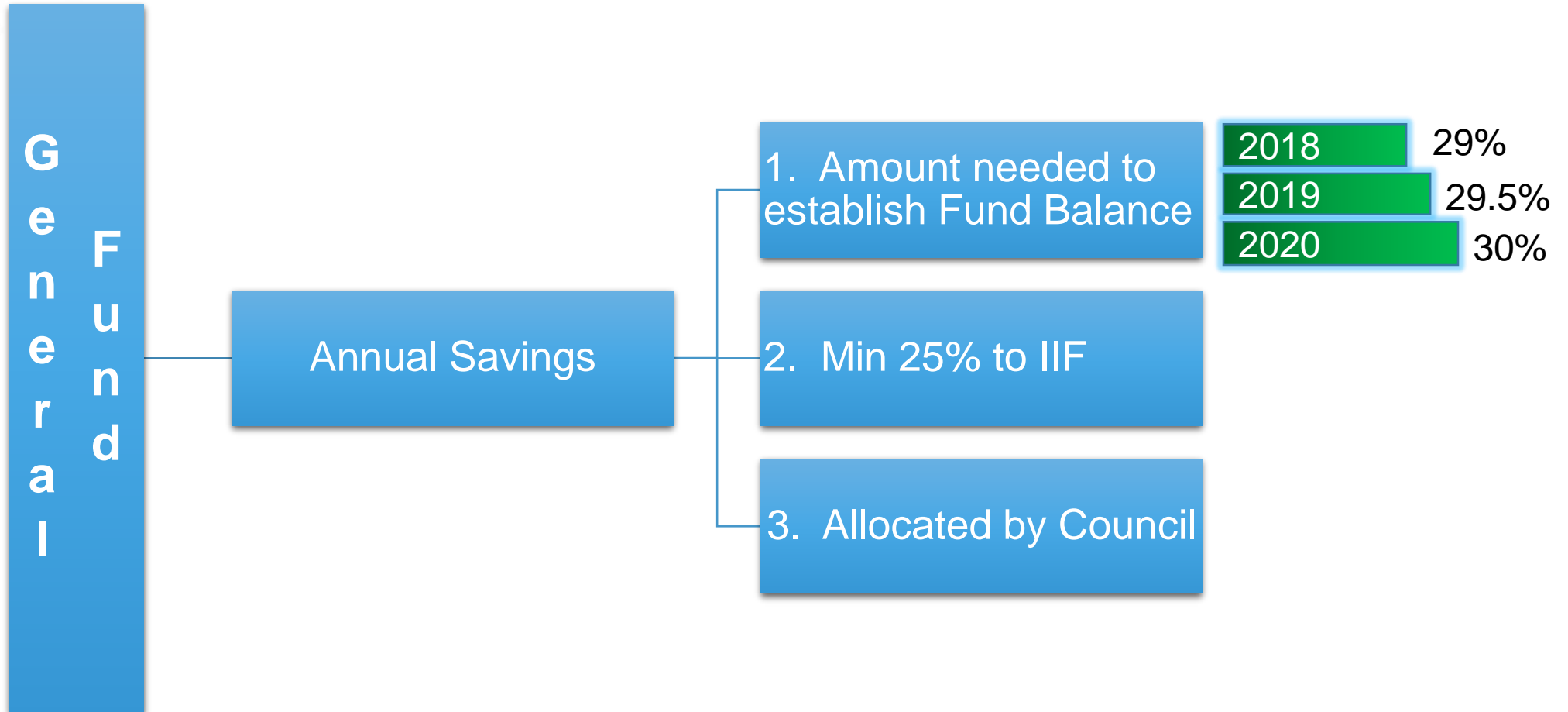


28.5% FY2017 Adopted
General Fund only

% based on Annual Operating Expenditures



Proposed Fund Balance and Savings Allocation Policy General Fund



% based on Annual Operating Expenditures

Infrastructure Investment Fund (IIF)

Proposed Fund Balance Policy Other Funds



Operational Funds

25%

Policy remains same

Includes: Utility, Economic
Development, Hotel, Airport
Stormwater, Debt Service Funds

% based on Annual Operating Expenditures

Special Revenue Funds

10%

Restricted for specific purposes

Examples: Public Safety, Court
Technology, Grants, Addison Grove

% based on annual revenues

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Property Tax Allocation

- Council motion during budget process to specify amount the **Operations and Maintenance (O&M)** of the property tax rate to be applied to the following funds:

Infrastructure Investment

- \$0.006201 of O & M
- Fund Balance \$4.7M ending balance FY2017

Economic Development

- \$0.023716 of O & M



Infrastructure Investment Fund

- Council established this fund in FY2015 in order to set aside resources to fund pay-as-you-go capital projects:

Current Practice

- Fund projects costing \$250,000 or more

Proposed

- Council direction to staff for defining funding thresholds

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Capital Equipment

Any **equipment** that has a cost of \$5,000 or more and a useful life of more than one year.

(Examples: city vehicles, fire truck, backhoe)

Current

- Useful life one year

Proposed

- Useful life three years

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Capital Improvements

Any **improvement** that has a cost of \$25,000 or more and a useful life of at least ten years.

(Examples: streets, building structures, parks, etc.)

Current

- No policy

Proposed

- Cost exceeding \$25,000
- Useful life of 10 years or more

Uncollectable debt – General Fund



- On October 31st of each year amounts owed for general revenues to the Town that CFO finds uncollectible, in the amount of \$5,000, may be written off.

Current

- No policy

Proposed

- As of October 31st
- CFO can write off up to \$5,000
- City Manager can write off up to \$25,000
- Amounts greater than \$25,000 require Council approval.

Uncollectable debt - Utility

- On January 31st of each year amounts owed the Town that CFO finds uncollectible for water and sewer, in the amount of \$2,500, may be written off.

Current

- As of January 31st
- CFO can write off up to \$2,500
- City Manager can write off between \$2,500.01 and \$24,999.99
- Amounts \$25,000 or greater require Council approval.

Proposed

- As of October 31st
- CFO can write off up to \$5,000
- City Manager can write off up to \$25,000
- Amounts greater than \$25,000 require Council approval.

Proposed Changes

Staff will bring forward ordinances which reflect the changes discussed:

Policy	Proposed Change
General fund savings	Allocation of annual savings
Special revenue	10% of operating revenues
Property Tax allocations	Economic Development Fund at \$0.023716 Infrastructure Investment Fund at 0.006201
Infrastructure Investment Fund	Spending level and definition of capital project
Capital Equipment	Useful life to 3 years
Capital Improvements	Over \$25,000 and useful life 10+ years
Uncollectable Debt	CFO write off up to \$5,000, CM up to \$25,000

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Next Step

- Staff will bring Ordinances to Council for approval



Discussion

